

### Sources of Additional Information

For information about careers in modeling contact:

☛ The Models Guild, Office and Professional Employees International Union, AFL-CIO, CLC, 265 W. 14th Street, Suite 203, New York, NY 10011. Internet: <http://www.opeiu.org/models/tmg/main.htm>

For information about modeling schools and agencies in your area, contact a local consumer affairs organization such as the Better Business Bureau.

## Insurance Sales Agents

(O\*NET 43002)

### Significant Points

- In spite of little or no employment growth, job opportunities should be good for people with the right skills.
- Employers prefer to hire college graduates and persons with proven sales ability or success in other occupations.
- Many beginners find it difficult to establish a sufficiently large clientele in this highly competitive business; consequently, some eventually leave for other jobs.

### Nature of the Work

Most people have their first contact with an insurance company through an insurance sales agent or broker. These professionals help individuals, families, and businesses select insurance policies that provide the best protection for their lives, health, and property. *Insurance sales agents* may work exclusively for one insurance company or as “independent agents” selling for several companies. *Insurance brokers* represent several companies and place insurance policies for their clients with the company that offers the best rate and coverage. In either case, agents and brokers prepare reports, maintain records, seek out new clients, and, in the event of a loss, help policyholders settle insurance claims. Increasingly, some may also offer their clients financial analysis or advice on ways they can minimize risk.

Technology has greatly impacted the insurance agency, making it much more efficient and giving the agent the ability to take on more clients. Computers are now linked directly to the insurance companies, making the task of obtaining price quotes, and processing applications

and service requests, much easier and faster. Computers also allow the agent to be better informed about new products that the insurance carriers may be offering.

Insurance sales agents sell one or more types of insurance, such as life, property damage and liability, health, disability, and long-term care. Life insurance agents specialize in selling policies that pay beneficiaries when a policyholder dies. Depending on the policyholder’s circumstances, a cash-value policy can be designed to provide retirement income, funds for the education of children, or other benefits. Life insurance agents also sell annuities that promise a retirement income. Health insurance agents sell health insurance policies that cover the costs of medical care and loss of income due to illness or injury. They may also sell dental insurance and short and long-term disability insurance policies.

Property and casualty insurance agents and brokers sell policies that protect individuals and businesses from financial loss resulting from automobile accidents, fire, theft, storms, and other events that can damage property. For businesses, property and casualty insurance can also cover injured workers’ compensation, product liability claims, or medical malpractice claims.

An increasing number of insurance agents and brokers offer comprehensive financial planning services to their clients, such as retirement planning, estate planning, or assistance in setting up pension plans for businesses. As a result, many insurance agents and brokers are involved in “cross-selling” or “total account development.” Besides insurance, these agents may become licensed to sell mutual funds, variable annuities, and other securities. (See the statement on securities, commodities, and financial services sales representatives elsewhere in the *Handbook*.)

Because insurance sales agents obtain many new accounts through referrals, it is important that agents maintain regular contact with their clients to ensure their financial needs are being met. Developing a satisfied clientele that will recommend an agent’s services to other potential customers is a key to success in this field. It is also becoming increasingly necessary for agents to develop new ways of marketing to compete with the insurance companies who sell directly to clients. Therefore, familiarity with the Internet may become important for obtaining future sales.

### Working Conditions

Most insurance agents and brokers are based in small offices, from which they contact clients and provide insurance policy information. However, most of their time may be spent outside their offices, traveling locally to meet with clients, close sales, or investigate claims. Agents usually determine their own hours of work and often schedule evening and weekend appointments for the convenience of clients. Although most agents and brokers work a 40-hour week, some work 60 hours a week or longer. Commercial sales agents and brokers in particular may meet with clients during business hours and then spend evenings doing paperwork and preparing presentations to prospective clients.

### Employment

Insurance agents and brokers held about 387,000 jobs in 1998. The following tabulation shows the percent distribution of wage and salary jobs by industry:

Insurance agents, brokers, and services .....	48
Life insurance carriers .....	26
Property and casualty insurance carriers .....	13
Medical service and health insurance carriers .....	6
Pension funds and miscellaneous insurance carriers .....	2
Other industries .....	5

While most insurance agents employed in wage and salary positions work for insurance agencies, nearly an equal number work directly for insurance carriers. Most of these agents are employed by life insurance companies, and a smaller number work for property, casualty, and medical and health insurance companies. Although most insurance agents



*Insurance sales agents may work evenings and weekends to accommodate clients.*

specialize in life and health or property and casualty insurance, a growing number of “multiline agents” sell all lines of insurance. Approximately 3 out of 10 agents and brokers are self-employed.

Agents and brokers are employed throughout the country, but most work in or near large urban centers. Some insurance agents and brokers are employed in the headquarters of insurance companies, but the majority work out of local offices or independent agencies.

### **Training, Other Qualifications, and Advancement**

For insurance agency jobs, most companies and independent agencies prefer to hire college graduates—particularly those who have majored in business or economics. A few hire high school graduates with proven sales ability or who have been successful in other types of work. In fact, most entrants to agent and broker jobs transfer from other occupations. In selling commercial insurance, technical experience in a field can be very beneficial in helping to sell policies to those in the same profession. As a result, new agents and brokers tend to be older than entrants in many other occupations.

College training may help agents or brokers grasp the technical aspects of insurance policies and the fundamentals and procedures of selling insurance. Many colleges and universities offer courses in insurance, and a few schools offer a bachelor’s degree in insurance. College courses in finance, mathematics, accounting, economics, business law, marketing, and business administration enable insurance agents or brokers to understand how social and economic conditions relate to the insurance industry. Courses in psychology, sociology, and public speaking can prove useful in improving sales techniques. In addition, familiarity with computers and popular software packages has become very important, as computers provide instantaneous information on a wide variety of financial products and greatly improve agents’ and brokers’ efficiency.

Insurance agents and brokers must obtain a license in the States where they plan to sell insurance. Separate licenses are required for agents to sell life and health insurance and property and casualty insurance. In most States, licenses are issued only to applicants who complete specified pre-licensing courses and pass State examinations covering insurance fundamentals and State insurance laws. Agents and brokers who plan to sell mutual funds and other securities must also obtain a separate securities license from the National Association of Securities Dealers.

A number of organizations offer professional designation programs, which certify expertise in specialties such as life, health, property and casualty insurance, or financial consulting. Although these are voluntary, such programs assure clients and employers that an agent has a thorough understanding of the relevant specialty. Many professional societies now require agents to commit to continuing education in order to retain their designation.

Indeed, as the diversity of financial products sold by insurance agents and brokers increases, employers are placing greater emphasis on continuing professional education. It is important for insurance agents and brokers to keep up to date with issues concerning clients. Changes in tax laws, government benefit programs, and other State and Federal regulations can affect the insurance needs of clients and how agents conduct business. Agents and brokers can enhance their selling skills and broaden their knowledge of insurance and other financial services by taking courses at colleges and universities and by attending institutes, conferences, and seminars sponsored by insurance organizations. Most States have mandatory continuing education requirements focusing on insurance laws, consumer protection, and the technical details of various insurance policies.

Insurance agents and brokers should be enthusiastic, confident, disciplined, hard working, willing to solve problems, and able to communicate effectively. They should be able to inspire customer confidence. Because they usually work without supervision, agents and brokers must be able to plan their time well and have the initiative to locate new clients.

An insurance agent who shows sales ability and leadership may become a sales manager in a local office. A few advance to agency

superintendent or executive positions. However, many who have built up a good clientele prefer to remain in sales work. Some, particularly in the property/casualty field, establish their own independent agencies or brokerage firms.

### **Job Outlook**

Although employment of insurance agents and brokers is expected to show little growth through 2008, opportunities for agents will be favorable for persons with the right skills. This includes ambitious people who enjoy competitive sales work, have excellent interpersonal skills, and have developed expertise in a wide range of insurance and financial services. Because many beginners find it difficult to establish a sufficiently large clientele in this commission-based occupation, some eventually leave for other jobs. Most job openings are likely to result from the need to replace agents who leave the occupation and the large number of agents expected to retire in the coming years.

Future demand for agents and brokers largely depends on the volume of sales of insurance and other financial products. While sales of life insurance are down, rising incomes and a concern for financial security during retirement are lifting sales of annuities, mutual funds, and other financial products sold by insurance agents. Sales of health and long-term care insurance are also expected to rise sharply as the population ages and as the law provides more people access to health insurance. In addition, a growing population will increase the demand for insurance for automobiles, homes, and high-priced valuables and equipment. As new businesses emerge and existing firms expand coverage, sales of commercial insurance should also increase, including coverage such as product liability, workers’ compensation, employee benefits, and pollution liability insurance.

Employment of agents and brokers will not keep up with the rising level of insurance sales, however. One of the major reasons for this is rising productivity resulting from the growing application of computers to recordkeeping and cost calculations in insurance. Also, as competition grows and insurance companies attempt to find ways to reduce costs, many are seeking alternative, cheaper ways to distribute their products. For example, an increasing number of insurance companies are hiring their own sales staff to sell personal lines policies directly to the consumer over the phone and through the mail, thereby reducing the need for independent sales agents. In addition, sales of insurance products over the Internet are expected to increase.

A major source of growing competition over the next 10 years is the prospect of banks entering into this market. Currently, only a small number of banks sell insurance directly to consumers due to regulations that prohibit most banks from selling insurance and securities. These barriers are expected to fall in the near future and banks are anticipated to enter the broader financial services market. This will hurt the demand for agents in the long run as bank employees sell more insurance policies. In the short run, however, it may open up new opportunities for agents as banks hire licensed, experienced agents to sell insurance for them.

In spite of these trends, insurance and investments are becoming more complex, and many people and businesses lack the time and expertise to buy insurance without the advice of an agent. Insurance agents who are knowledgeable about their products and sell multiple lines of insurance and other financial products will remain in demand. Additionally, agents who take advantage of direct mail and Internet resources to advertise and promote their products can reduce the time it takes to develop sales leads, allowing them to concentrate on following up on potential clients. Most individuals and businesses consider insurance a necessity, regardless of economic conditions. Therefore, agents are not likely to face unemployment because of a recession.

### **Earnings**

The median annual earnings of wage and salary insurance sales workers were \$34,370 in 1998. The middle 50 percent earned between \$24,650 and \$52,020. The lowest 10 percent had earnings of \$17,870 or less,

while the top 10 percent earned over \$91,890. Median annual earnings in the industries employing the largest number of insurance sales workers in 1997 were:

Fire, marine, and casualty insurance .....	\$34,100
Insurance agents, brokers, and services .....	33,200
Medical service and health insurance .....	31,600
Life insurance .....	31,500

Many independent agents are paid by commission only, whereas sales workers who are employees of an agency or an insurance carrier may be paid in one of three ways—salary only, salary plus commission, or salary plus bonus. In general, commissions are the most common form of compensation, especially for experienced agents. The amount of commission depends on the type and amount of insurance sold, and whether the transaction is a new policy or a renewal. Bonuses are usually awarded when agents meet their sales goals or when an agency's profit goals are met. Some agents involved with financial planning receive a fee for their services rather than a commission.

Company-paid benefits to sales agents usually include continuing education, paid licensing training, group insurance plans, and office space and clerical support services. Some may pay for automobile and transportation expenses, attendance at conventions and meetings, promotion and marketing expenses, and retirement plans. Independent agents working for insurance agencies receive fewer benefits, but their commissions may be higher to help them pay for marketing and other expenses.

### Related Occupations

Other workers who sell financial products or services include real estate agents and brokers, securities and financial services sales representatives, financial advisors, estate planning specialists, and manufacturers' sales workers.

### Sources of Additional Information

Occupational information about insurance agents and brokers is available from the home office of many life and casualty insurance companies. Information on State licensing requirements may be obtained from the department of insurance at any State capital.

For information about insurance sales careers and training, contact:

☛ Independent Insurance Agents of America, 127 S. Peyton St., Alexandria, VA 22314. Internet: <http://www.iiiaa.org>

☛ Insurance Vocational Education Student Training (InVEST), 127 S. Peyton St., Alexandria, VA 22314. Internet: <http://www.investprogram.org>

☛ National Association of Professional Insurance Agents, 400 N. Washington St., Alexandria, VA 22314. Internet: <http://www.pianet.com>

For information about health insurance sales careers, contact:

☛ National Association of Health Underwriters, 2000 N. 14th St., Ste. 450, Arlington, VA 22201. Internet: <http://www.nahu.org>

For information about insurance careers in the property and casualty field, contact:

☛ Insurance Information Institute, 110 William Street, New York, NY 10038.

For information regarding training for life insurance sales careers, contact:

☛ Life Underwriting Training Council, 7625 Wisconsin Ave., Bethesda, MD 20814.

For information about professional designation programs, contact:

☛ The American College, 270 Bryn Mawr Ave., Bryn Mawr, PA 19010-2195. Internet: <http://www.amercolledu>

☛ Society of Certified Insurance Counselors, 3630 North Hills Dr., Austin, TX 78731. Internet: <http://www.scic.com/alliance>

☛ The American Institute for Chartered Property and Casualty Underwriters, and the Insurance Institute of America, 720 Providence Rd., P.O. Box 3016, Malvern, PA 19355. Internet: <http://www.aicpcu.org>

## Manufacturers' and Wholesale Sales Representatives

(O\*NET 49002, 49005B, 49005C, 49005D, 49005F, 49005G, 49008)

### Significant Points

- Many are self-employed manufacturers' agents who work for a commission.
- Although employers place an emphasis on a strong educational background, many individuals with previous sales experience still enter the occupation without a college degree.
- Many jobs require a great deal of travel.

### Nature of the Work

Sales representatives are an important part of manufacturers' and wholesalers' success. Regardless of the type of product they sell, their primary duties are to interest wholesale and retail buyers and purchasing agents in their merchandise and to address any of the client's questions or concerns. They also advise clients on methods to reduce costs, use their products, and increase sales. Sales representatives market their company's products to manufacturers, wholesale and retail establishments, government agencies, and other institutions. (Retail salespersons, who sell directly to consumers, are discussed elsewhere in the *Handbook*.)

Depending on where they work, sales representatives have different job titles. Those employed directly by a manufacturer or wholesaler usually are called *sales representatives*. *Manufacturers' agents* are self-employed sales workers who contract their services to all types of manufacturing companies. Those selling technical products, for both manufacturers and wholesalers, are usually called *industrial sales workers* or *sales engineers*. However, many of these titles are used interchangeably.

Manufacturers' and wholesale sales representatives spend much of their time traveling to and visiting with prospective buyers and current clients. During a sales call, they discuss the customers' needs and suggest how their merchandise or services can meet those needs. They may show samples or catalogs that describe items their company stocks and inform customers about prices, availability, and how their products can save money and improve productivity. A vast number of manufacturers and wholesalers sell similar products, thus sales representatives must emphasize any unique qualities of their products and services. As independent agents, they might sell several complementary products made by different manufacturers and thus take an overall systems approach to their customer's business. Sales representatives may help install new equipment and train employees. They also take orders and resolve any problems or complaints with the merchandise.

Sales engineers are among the most highly trained sales workers. They usually sell products whose installation and optimal use requires a great deal of technical expertise and support—products such as material handling equipment, numerical-control machinery, and computer systems. Additionally, they provide information on their firm's products, help prospective and current buyers with technical problems, recommend improved materials and machinery for a firm's manufacturing process, design plans of proposed machinery layouts, estimate cost savings, and suggest training schedules for employees. In a process that may take several months, they present this information and negotiate the sale. Aided by a laptop computer connected to the Internet, they can often answer technical and non-technical questions immediately.

Frequently, sales representatives who lack technical expertise work as a team with a technical expert. In this arrangement, the technical